



March 28, 2007

## **Pending Tax Increases for Domestic Energy, Alternative Energy, and Conservation Activities Under the Democrat Budget Resolution**

- Credit for energy efficient appliances -- 12/31/07
- Tax relief for oil and gas from marginal domestic wells -- 12/31/07
- Encouragement of contributions of capital gain real property made for conservation purposes -- 12/31/07
- Tax relief for environmental remediation costs at "brownfields" -- 12/31/07
- Credit for residential energy efficient property -- 12/31/08
- Incentives for biodiesel and renewable diesel -- 12/31/08
- Credit for construction of new energy efficient homes -- 12/31/08
- Increased credit for business solar energy property -- 12/31/08
- Credit for hybrid solar lighting systems -- 12/31/08
- Credit for business installation of qualified fuel cells and stationary microturbine power plants -- 12/31/08
- Issuance of clean renewable energy bonds -- 12/31/08
- Energy efficient commercial buildings deduction -- 12/31/08
- Special rule for qualified methanol or ethanol fuel from coal -- 12/31/08
- Qualified green buildings and sustainable design project bonds -- 9/30/09
- Incentives for alternative fuel and alternative fuel mixtures -- 9/30/09

- Alternative motor vehicle credit for qualified hybrid motor vehicles other than passenger automobiles and light trucks -- 12/31/09
- Alternative fuel vehicle refueling property (non-hydrogen refueling property) -- 12/31/09
- Credit for small refiners for production of diesel fuel in compliance with EPA sulfur regulations for small refiners --12/31/09
- Tax credit for the production of coke or coke gas --- 12/31/09
- Expensing of capital costs incurred by small refiners for production of diesel fuel in compliance with EPA sulfur regulations for small refiners -- 12/31/09
- Alternative motor vehicle credit for qualified alternative fuel vehicles --12/31/10
- Alternative motor vehicle credit for advanced lean burn technology motor vehicles and qualified hybrid motor vehicles that are passenger automobiles or light trucks -- 12/31/10
- Incentives for alcohol fuels -- 12/31/10
- Special tax relief for cellulosic biomass ethanol plant property -- 12/31/12

The Budget Resolution proposed by House Democrats begins with the assumption that every expiring tax provision, including those listed above, will expire and that therefore in order to continue any particular item of tax relief, the “cost” of the tax relief to the government must be offset or “paid for.”

Many Democrats have responded to questions about how they will “pay for” extending popular tax relief items such as the child tax credit, by replying that they will cancel President Bush’s tax cuts for the wealthy. Yet, under the Democrat’s Budget, both the child tax credit and Bush’s tax cuts for the “wealthy” – indeed all tax relief – expires.

Therefore, in order to “pay for” the child tax credit, you actually have to raise taxes above and beyond simply canceling the Bush tax relief. In other words, House Democrats are proposing that in order to extend tax relief for families, small business or anyone else, that we not just return to the pre-Bush tax levels but in fact increase taxes above the levels that existed even under President Clinton. The likely outcome under the Democrat Budget is that many popular tax relief items – such those helping our nation gain energy independence – will simply expire.

*Note: This is not an exhaustive list of all expiring tax provisions under the Democrat Budget.*